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# HOUSE RESEARCH ORGANIZATION

## daily floor report

Tuesday, April 2, 2013  
83rd Legislature, Number 43  
The House convenes at 10 a.m.

Five bills are on the daily calendar for second-reading consideration today. The bills are analyzed in today's *Daily Floor Report* and are listed on the following page.

The following House committees had public hearings scheduled for 8 a.m.: Appropriations subcommittee on Budget Transparency and Reform in Room E1.030; Natural Resources in Room E2.010; and Transportation in Room E2.012.

The following House committees have public hearings scheduled for 10:30 a.m. or on adjournment: Criminal Jurisprudence in Room E2.016 and Human Services in Room E2.030. The House Licensing and Administrative Procedures Committee has a public hearing scheduled for noon or on adjournment in Room E1.010. The Select Committee on Transparency in State Agency Operations has a public hearing scheduled at 1 p.m. or on adjournment in JHR 140. The Business and Industry Committee has a public hearing scheduled at 1:30 p.m. or on adjournment in Room E2.014. The following House committees have public hearings scheduled for 2 p.m. or on adjournment: Insurance in Room E2.026; Public Education in Room E2.036; and Ways and Means in JHR 120.



Bill Callegari  
Chairman  
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## **HOUSE RESEARCH ORGANIZATION**

Daily Floor Report

Tuesday, April 2, 2013

83rd Legislature, Number 43

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**SUBJECT:** Continuing DIR and certain procurement functions of comptroller

**COMMITTEE:** State Affairs —favorable, without amendment

**VOTE:** 8 ayes — Cook, Giddings, Farrar, Frullo, Harless, Huberty, Menéndez, Sylvester Turner

0 nays

5 absent — Craddick, Geren, Hilderbran, Oliveira, Smithee

**WITNESSES:** For — (*Registered, but did not testify*: Wendy Reilly, TechAmerica)

Against — None

On — (*Registered, but did not testify*: Todd Kimbriel and Karen Robinson, DIR; Ron Pigott, Comptroller of Public Accounts - Texas Procurement and Support Division; Amy Tripp, Sunset Commission)

**BACKGROUND:** **The Department of Information Resources (DIR)** was created in 1989 to provide direction for state agencies' use and management of information technology (IT) and telecommunications products. The DIR's responsibilities have grown to include providing a range of IT and telecom products to state agencies, local governments, and universities. The DIR:

- provides statewide IT strategic planning, reporting, and standard setting;
- provides guidance and oversight of state information security;
- oversees major statewide programs, procuring and managing contracts for the state telecommunications system, the Texas Agency Network (TEX-AN); the official website of Texas, Texas.gov; and consolidated data center services for state agencies;
- procures and manages statewide IT contracts; and
- operates the Capitol Complex Telephone Systems (CCTS).

The DIR's 10-member board includes seven members appointed by the governor and three ex officio members. One member must be employed by a higher education institution.

At the end of fiscal 2011, the DIR employed a staff of 206. It received \$308 million in revenues, mostly from interagency contracts and receipts from its cost-recovery programs. Less than 1 percent of its revenue came from general revenue to support the administration of Texas.gov. At the beginning of fiscal 2011, the DIR had an unexpended balance of \$33 million from previously collected revenues. Of the department's fiscal 2011 expenditures of \$317 million, approximately 83 percent were pass-through payments to outside providers, including IBM Corp. for the data services contract and telecommunications service providers, primarily AT&T. In July 2012, the DIR began a new data center services contract valued at \$1.2 billion over eight years with providers Capgemini America, Xerox Print Services, and Xerox State and Local.

**Comptroller's procurement division.** In 2007, the Legislature created the Texas Procurement and Support Services Division and transferred statewide procurement functions to the Comptroller of Public Accounts from the Texas Facilities Commission (formerly the Texas Building and Procurement Commission). The division:

- establishes and manages statewide contracts and services, and reviews and delegates certain purchases to state agencies;
- certifies Historically Underutilized Businesses (HUBs), develops statewide HUB goals, and reports on the state's use of HUBs;
- trains and certifies purchasers and contract managers;
- provides mail services to state agencies in Travis County; and
- operates the Office of Vehicle Fleet Management.

The Statewide Procurement Advisory Council advises the comptroller in carrying out the division's responsibilities. The 75-employee division received \$5.1 million in revenues in fiscal 2011, with roughly 68 percent from general revenue, 19 percent from appropriated receipts, and 13 percent from interagency contracts.

**2010 Sunset review and other legislative action.** In 2010, the DIR underwent Sunset review. HB 2499 would have transferred the DIR's IT cooperative contracts program to the Comptroller's Office, among other provisions. The bill was adopted by the Legislature but vetoed by the governor. Certain recommendations from the 2010 Sunset report were implemented through other legislation. In the 82nd Legislature's first called session, the DIR was continued for two years with directions for a follow-up Sunset review and a provision that required stricter board

oversight of contracts and conflict-of-interest requirements. The DIR has begun to implement 2010 Sunset review's recommendations through policy changes.

**DIGEST:**

HB 2472 would continue the Department of Information Resources (DIR) and leave the state's commodity and services procurement responsibilities with the Office of the Comptroller's Procurement and Support Services Division until September 1, 2021, when the DIR again would undergo Sunset review.

The bill would require the DIR or its board to:

- adopt a process to determine administrative fees, recover the costs of its operations, and report fee activity annually;
- develop criteria for the proper use of consultants and outside staff;
- develop an IT consolidation plan with other relevant entities;
- submit contracts of more than \$1 million to a statewide review team;
- receive board approval for major outsourced projects;
- create a management plan for each major outsourced contract;
- develop a comprehensive management guide for major outsourced projects, including a staff training guide, conflict-of-interest policy, accountability guidelines, and contract-management training requirements for new board members;
- jointly with the comptroller create a procurement coordination committee that reports biannually to the Sunset Advisory Commission;
- implement the Sunset Commission's standard provisions to develop a negotiated rulemaking and alternative dispute resolution policy;
- create a customer advisory committee;
- appoint an internal auditor who would report directly to the board and an audit subcommittee;
- create a policy for the strategic direction of the department; and
- define what would constitute a major outsourced contract.

The comptroller would:

- establish a statewide technology account to manage a statewide technology center;
- establish a clearing fund account for the purchase of IT-commodity

- products and services; and
- change the due date and recipients of the division's required HUB reports to improve efficiency and reduce risk of error.

**Determination of administrative fees.** The DIR would adopt a process to determine administrative fees it charges for IT and telecommunications services. The fee would correspond to the amount necessary to recover the department's costs. The bill would direct the staff of each DIR program to work with the department's financial staff to determine the appropriate administrative fees and seek approval of the fees from the department's board, executive director, and chief financial officer.

The DIR would report approved fees to the Legislative Budget Board (LBB) in an annual report that would include the method used to determine the fees and the amount charged customers. The DIR would post the information on its website with a description of how the fee was determined.

**Consultants and outside staff.** The DIR would develop criteria for the appropriate use of consultants and outside staff by analyzing staffing needs, cost-effectiveness of contracting for consultants and outside staff, and the ability of its staff to perform tasks proposed for consultants and outside staff. The department would present an analysis and obtain board approval to hire or train consultants or outside staff.

**Information resources and technologies consolidation.** The DIR would develop a method to measure the costs and implementation of an IT resources consolidation initiative. The DIR would work with other entities involved in IT consolidation and its internal auditor to develop a method to collect and validate data and determine a baseline cost assessment and timeline for consolidation efforts. The department would evaluate its efforts annually using an agreed-upon evaluation method. The department would report the results to its board, the LBB, and customers involved in the consolidation, and post the results on its website.

**Review of certain contract solicitations.** For any contract solicitation of more than \$1 million that the department was required to submit to the statewide review team, DIR would either implement the team's recommendations or provide a written explanation of why it could not implement them.

**Reporting requirements.** HB 2472 would change the deadline to November 15 from September 1 of each even-numbered year to submit a report on the progress, benefits, and efficiency gains of projects.

**Oversight and approval for major contracts.** The department would get approval from the board before entering into or amending a major outsourced contract. The department would specify procedures for administering, monitoring, and overseeing each project with its own management plan, which would specify risk mitigation practices, performance measures, and coordination and accountability activities. The DIR's executive director would approve each management plan. The department would establish a formal process to involve customers in major outsourced projects.

**Conflicts of interest.** The bill would prevent department employees from having any interest in a contract bid or receiving any gift or promise, obligation, or contract for future compensation in return for a contract bid.

**Contract management training policy.** The department would develop a training policy and manual on contract management, with participation of the internal auditor. Training would be required for all staff involved in contract management. The manual would include accountability measures, staff responsibilities, staff members' decision-making authority, and evaluation processes.

New DIR board members would have to complete a training program that provided information on statutes governing the DIR, the board, and contract management.

**Procurement coordination committee.** HB 2472 would require the department and the comptroller establish a committee to identify:

- areas of overlap in the procurement functions;
- mutually beneficial contracting practices;
- opportunities for collaboration; and
- opportunities for consolidation.

The department and the comptroller would develop methods to:

- collect and analyze costs relating to procurement contracts;
- measure savings from coordinated purchases; and

- encourage coordination of procurement functions.

The committee would report its findings to the Sunset Advisory Commission every two years for the next four years, and the department and the comptroller would publish the reports on their respective websites.

**Board customer advisory committee.** The DIR's board would appoint a customer advisory committee of customers from the department's key programs. The committee would report on the department's delivery of critical statewide services. The board would include a cross-section of the DIR's customers.

**Internal auditor.** The DIR's board also would appoint an internal auditor who would report directly to the board, as well as provide necessary staff and resources to the auditor. The auditor would prepare an annual report ranking the DIR's high-risk functions and bring other issues to the board's attention. The department would give the auditor access to its activities and records unless restricted by law. The bill would provide an exception to the requirement for open meetings to allow the auditor to discuss with the board issues related to fraud, waste, or abuse.

The board would maintain an audit subcommittee to oversee the internal auditor and other issues to ensure the auditor had sufficient resources.

**Additional board oversight.** The board would adopt a policy that outlined its role in setting a strategic direction for the DIR, including offering new initiatives and services and an approval and evaluation process for them. The board would implement a regular evaluation process to determine whether the department was fulfilling its mission of providing cost-effective IT services and meeting customer needs.

**Oversight of major outsourced contracts.** The DIR's board would define what constitutes a major outsourced contract with non-state entities. The board would include the \$1 million threshold in its definition and establish a subcommittee to monitor the department's major outsourced contracts.

**Comptroller requirements.** The comptroller would establish a statewide technology account to manage the DIR-managed statewide technology center. The account would be restricted to funding the technology center.

The comptroller would establish an account for all funds received from



DIR customers. The funds in the account would be used for the purchase of IT commodity items.

The bill would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

The Department of Information Resources (DIR) has made progress in addressing many of the 2010 Sunset review recommendations to improve its oversight, management, and contracting practices. Undergoing Sunset Review in eight years would allow enough time for the DIR to implement these efficiency efforts, coordinate with the comptroller's Texas Procurement and Support Services Division, and gather data to determine how to further improve the state's procurement process. The benchmark reports that the bill would require would allow proper oversight and progress tracking for the next eight years.

HB 2472 would mandate through statutory requirements the execution of new policies and processes, many of which were recommended in the 2010 Sunset review. The DIR has already implemented improvements, some of which also were required by the 82nd Legislature's adoption of SB 1 in the first called session. The DIR has:

- created clear procedures to set, adjust, and seek board approval of administrative fees for its cost recovery programs as part of its yearly budgeting process;
- begun to report administrative fees and the method used to set them on its website;
- developed a clear policy for the appropriate use of outside contractors and consultants;
- begun to measure and report cost savings and the status for IT consolidation projects;
- improved oversight and approval of major contracts, and the review of certain contract solicitations;
- created a customer advisory committee reporting to its board;
- developed and implemented an agencywide training policy for all staff, including board members;
- established an Internal Audit Division, which reports to the board's Audit and Finance Subcommittee; and
- created a policy to improve and strengthen the board's oversight of the department.

**Conflicts of interest in contracting.** The DIR has implemented stricter

conflict-of-interest provisions. Current statutory requirements do not allow an employee to participate in the contract bidding process if the employee receives more than 5 percent of his or her income from the bidder or if the employee's spouse is employed by the bidder. While the DIR has strengthened its conflict of interest policy, the bill would prevent an employee with any interest in the likely bidder from participating in the bidding process. This statutory change would strengthen enforcement and ensure the continuation of the stricter policy.

**Comptroller requirements.** The 2010 Sunset Review revealed the DIR's questionable use of telecommunications fees to pay for data center consolidation expenses. The review also revealed unexpended balances, which led to the conclusion that some DIR customers were overcharged for goods or services. Adding a statewide technology account and a technology clearing fund account with a description of their intended uses would provide clear legislative oversight, limit expenditures to the program purpose, prevent balances from accruing, and improve internal auditing. While the DIR has worked to remedy these problems in the last two years, requiring by statute that the comptroller create these separate accounts would ensure continued oversight and improvement.

OPPONENTS  
SAY:

Eight years is too long to wait for another Sunset review of the DIR and the state's technology procurement processes the department oversees. The Sunset Commission identified too much inefficiency in its 2010 and 2012 reviews to allow the DIR and the division's procurement responsibilities to continue that long without facing major overhaul.

The \$1 million threshold for contracts receiving board approval is too high. Lowering the threshold would strengthen oversight and show taxpayers that the DIR's board is closely watching the department's spending.

NOTES:

The companion bill, SB 216 by Birdwell, was referred to the Senate Government Organization committee on March 12.

**SUBJECT:** Student eligibility to transfer from a public school rated unacceptable

**COMMITTEE:** Public Education —favorable, without amendment

**VOTE:** 10 ayes — Aycock, Allen, J. Davis, Deshotel, Dutton, Farney, K. King, Ratliff, J. Rodriguez, Villarreal

0 nays

1 absent — Huberty

**WITNESSES:** For — (*Registered, but did not testify:* Jennifer Allmon, Texas Catholic Conference and Roman Catholic Bishops of Texas; David D Anderson, Arlington ISD Board of Trustees; Jesus Chavez, Texas School Alliance; Harley Eckhart, Texas Elementary Principals and Supervisors Association; Ann Fickel, Texas Classroom Teachers Association; Ken McCraw, Texas Association of Community Schools; Casey McCreary, Texas Association of School Administrators; Jordan Michalik, Texas PTA; Lauren Pierce, Americans for Prosperity Texas; Don Rogers, Texas Rural Education Association; Nelson Salinas, Texas Association of Business; Julie Shields, Texas Association of School Boards)

Against — None

On — (*Registered, but did not testify:* David Anderson, Lisa Dawn-Fisher, Shannon Housson, Texas Education Agency)

**BACKGROUND:** Under Education Code, sec. 29.202, a public school student is eligible to transfer to a new public school in the same or another district if the student attends a school at which 50 percent or more of the students did not perform satisfactorily on a state assessment in any two of the preceding three years or that failed to satisfy any standard under sec. 39.054 (e) within the last three years. A school that fails to satisfy any of these standards is assigned a rating of unacceptable performance, according to the Texas Education Agency.

Schools from which students may transfer under these criteria are considered public education grant (PEG) listed schools, according TEA. If a student attends a PEG-listed school, the school district must notify the

student's parents annually of the student's eligibility to transfer. A transferring student is eligible to stay at the new school through the completion of all grades offered by the original school.

**DIGEST:** HB 222 would make eligible for a public education grant to transfer to another school any student who attended a school that had received a rating of unacceptable performance in either of the last two years, rather than any of the last three years as under current law.

The bill would apply beginning with the 2013-14 school year.

The bill would take immediate effect if passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS SAY:** CSHB 222 appropriately would reduce to two years the time a student had to transfer from a school that had received a rating of unacceptable performance. The current practice of keeping a school on the list of schools from which a student may transfer (the public education grant list) for three years after it has received an unacceptable performance rating is too long. Currently, even if a school has been rated academically exemplary for two years following one year of an unacceptable rating, the school is required to notify parents that a student is eligible to transfer. The bill would reduce this notification period to two years after a school was on the PEG list, rewarding schools that successfully worked to achieve an acceptable rating.

**OPPONENTS SAY:** By reducing to two years the time a school remained on the PEG list after a rating of unacceptable performance, CSHB 222 would limit the opportunity of a student to attend a better-performing school of the student's choice. If the school were removed from the PEG list after two years, a student who might be better suited to a different school would be unable to transfer only three years after the school the student was attending had received an unacceptable performance rating.

**NOTES:** On March 27, the House passed CSHB 5 by Aycock, which would establish a new rating system to evaluate schools on academic performance and other factors.

**SUBJECT:** Notifying residents of sex offender in group homes

**COMMITTEE:** Human Services — committee substitute recommended

**VOTE:** 8 ayes — Raymond, N. Gonzalez, Fallon, Klick, Rose, Sanford, Scott Turner, Zerwas

0 nays

1 absent — Naishtat

**WITNESSES:** For — John Monaco, Texas Municipal League and City of Mesquite; (*Registered but did not testify*: Ben Campbell, Texas Organization of Residential Care Homes)

Against — Mary Sue Molnar, Texas Voices; Sid Rich, Texas Association of Residential Care Communities; Vida Davenport; Helen Eisert; Beverly Thomas; Peggy Tipon; (*Registered, but did not testify*: 17 individuals)

On — Skylor Hearn, Texas Department of Public Safety

**BACKGROUND:** Code of Criminal Procedure, art. 62.005, requires the Department of Public Safety (DPS) to maintain a computerized central database of registered sex offenders and to make information about those registered available on the agency's website. Publicly available information includes:

- the person's full name and address, date of birth, sex, race, height, weight, eye color, hair color, and a recent color photograph;
- the type of offense of which the person was convicted, the victim's age, the date of conviction, and the punishment received; and
- whether the person was discharged, paroled, or released on juvenile probation, community supervision, or mandatory supervision.

**DIGEST:** CSHB 424 would require the director of a group home to use DPS' sex offender website to determine whether a person requesting or assigned to live in the group home was listed. If so, within three days the director would be required to provide notice that the person was a sex offender, including the information available on the website, to each of the home's residents and to the legal guardians of residents who had a legal guardian.

These requirements would apply in assisted living, boarding home, continuing care, supportive housing, and transitional housing facilities. They would not apply at group homes solely for registered sex offenders, provided residents received services from a sex offender treatment provider, nor to any group home resident admitted before the bill's effective date.

This bill would prevent the group home or its director from being liable for any damages arising from its requirements.

CSHB 424 would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

CSHB 424 would help ensure the safety of group home residents by requiring that they or their legal guardians be promptly informed that a registered sex offender had moved into the facility.

Many group home residents are vulnerable to abuse because of physical or mental limitations that prevent them from adequately ensuring their safety. These residents are much less likely to check the background information of others in the group home and to monitor newly admitted residents.

Group homes also put residents in close contact with one another, and even facilities with private, lockable rooms share common areas. Informing group home residents and guardians that a registered sex offender has moved in would allow residents and guardians to make better decisions for their safety. While many of the 72,000 people listed in the registry are not a risk to society, many have committed violent crimes. The notifications would include enough information about a registrant's offense to allow an adequate assessment of risk.

Knowing the sex-offender status of potential residents also would improve directors' control over their facilities and enable administrators and staff to better protect residents. The protection of innocent, vulnerable group home residents should take priority over imposing the requirement on registered sex offenders.

Code of Criminal Procedure, art. 62.052, already requires DPS to provide written notice to each address within a three-block subdivided area, or a one-mile nonsubdivided area, of the registered sex offenders designated as "risk-level three," those who pose the most serious danger to the

community. CSHB 424 would be a reasonable and prudent extension of the notifications already required.

OPPONENTS  
SAY:

CSHB 424 would inhibit sex offenders' rehabilitation and would be an unnecessary and ineffective protection for group home residents.

The bill would further stigmatize former sex offenders during their move to a group home and decrease the likelihood of a successful reintegration into society. It also would place an extra requirement not imposed on those convicted of other serious crimes, such as murder, for which there is no such reporting requirement.

The sex-offender registry does not accurately represent the wide severity of reportable convictions and offender risk levels, yet CSHB 424 could cause group home directors and residents to react disproportionately to a resident simply because of that person's presence in the registry.

Many group home directors would cease admitting sex offenders, increasing the risk of relapse, homelessness, and early death among this population. Sex offenders also would be at greater risk of neglect and abuse from staff and fellow residents. States with similar laws are having to create long-term care facilities for elderly residents in the registry who cannot access existing nursing homes. This is expensive and counteracts the best practice of reintegrating past offenders into the community.

Current law already makes information about registered sex offenders publicly available. Despite a surge in sex offender registry laws since the 1990s, there is no data to suggest that they make people safer.

OTHER  
OPPONENTS  
SAY:

CSHB 424 would not sufficiently protect group home residents from sex offenders because group home directors would not be required to notify current residents or future applicants of registered sex offenders already living in the group home. CSHB 424 also lacks any enforcement mechanisms to ensure compliance with its provisions.

NOTES:

The committee substitute broadened the notification requirement to include legal guardians for those residents with legal guardians.

**SUBJECT:** Relating to verification of an inmate's veteran status

**COMMITTEE:** Corrections —favorable, without amendment

**VOTE:** 7 ayes — Parker, White, Allen, Riddle, Rose, J.D. Sheffield, Toth  
0 nays

**WITNESSES:** For — Brian McGiverin, Texas Civil Rights Project; Jorge Renaud, Texas Criminal Justice Coalition; (*Registered, but did not testify*: Erica Gammill, League of Women Voters of Texas; Joe Lovelace, Texas Council of Community Centers; Gyl Switzer, Mental Health America of Texas)  
  
Against — None  
  
On — Kyle Mitchell, Texas Veterans Commission; Rissie Owens, Board of Pardons and Paroles; Jack Stick, Texas Health and Human Services Commission Office of the Inspector General; April Zamora, Texas Department of Criminal Justice

**BACKGROUND:** The Public Assistance Reporting Information System (PARIS) is a federal-state database that contains information about recipients and potential recipients of public assistance, including military veterans who are eligible for certain benefits via the Department of Veteran Affairs (VA). PARIS is operated by the U.S. Department of Health and Human Services. It was created to keep information about public assistance recipients in order to validate the eligibility of those who apply for benefits and prevent erroneous or duplicate payments. The Texas Health and Human Services Commission has participated in PARIS since 2009.  
  
PARIS contains information on those with veteran status and their eligibility for veterans' benefits, including health care and income benefits. It may be used to identify both veterans and surviving spouses of veterans who may be entitled to receive benefits from the VA.

**DIGEST:** HB 634 would require the Texas Department of Criminal Justice (TDCJ) to use the PARIS to investigate and verify the military veteran status of every inmate. TDCJ also would be required to assist inmates who were veterans in applying for federal benefits or compensation for which they



could be eligible via the VA.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

HB 634 would save the state money by helping inmates receive VA benefits for which they qualified. Allowing TDCJ to identify veterans and steer them toward available federal benefits would reduce enrollment in state-funded benefit programs. In 2011, Washington state saved \$5.7 million by using PARIS to identify and help low-income veterans enroll for VA benefits and reduce state Medicaid expenses.

HB 634 would help prepare inmate veterans for successful reintegration into society. Veterans, especially those finishing their time in a TDCJ facility, would have a better chance of a successful reentry if they took full advantage of federal benefits for which they were eligible. Many veterans are unaware of the full range of federal benefits available to them, and this bill would help ensure they were notified and had help enrolling in them. The bill also would enhance continuity of care for those veterans who had mental and medical health needs by ensuring they were properly referred to the appropriate VA services.

HB 634 would not infringe on the privacy of veterans who preferred not to report their military service. The information about an inmate's veteran status would be used by a reentry coordinator only if a veteran chose to apply for available VA benefits. It is more likely that the program would benefit veterans who otherwise might slip through the system than that it would negatively affect veterans who wanted to keep their veteran status private.

**OPPONENTS  
SAY:**

HB 634 would institute a system that eliminated the choice veterans currently have of whether or not to report their veteran status to TDCJ. The current system for determining whether an inmate is a veteran requires veterans to volunteer the information. Historically, some veterans have been prone to disavow or hide their service. Some simply consider it a private matter. HB 634 would take away this option from inmates who might prefer not to be identified as veterans.

**SUBJECT:** Changing requirements for a reverse transfer associate's degree

**COMMITTEE:** Higher Education — favorable, without amendment

**VOTE:** 8 ayes — Branch, Patrick, Alonzo, Clardy, Darby, Howard, Murphy, Raney  
0 nays  
1 absent — Martinez

**WITNESSES:** For — Wanda Garza, South Texas College; Mark Milliron, Western Governors University; Richard Rhodes, Austin Community College; (*Registered, but did not testify:* Dr. Rey Garcia, Texas Association of Community Colleges; Leslie Helmcamp, Center for Public Policy Priorities; Gretchen Schmidt, Jobs for the Future)  
  
Against — None  
  
On — John Fitzpatrick, Educate Texas; (*Registered, but did not testify:* Macgregor Stephenson, Texas Higher Education Coordinating Board)

**BACKGROUND:** Education Code, sec. 61.833, requires a four-year institution of higher education, such as a university, to forward the transcript of a student who transferred from a community college (or other lower-division institution) to the community college to see if the student is eligible for an associate's degree.  
  
A university sends the transcript with the student's permission once the student has earned a cumulative total of 90 credit hours, 30 of which were earned at the community college. If the student is eligible for an associate's degree, the credits are "reverse transferred" from the university to the community college and the associate's degree awarded by the community college.

**DIGEST:** HB 774 would decrease from 90 to 66 the required cumulative number of credit hours a student must have completed before the university forwarded the student's transcript to the student's community college.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS  
SAY:**

HB 774 would increase the number of associate's degrees awarded in Texas. Since not all transfer students complete a bachelor's degree, it is vital that those who have met the requirements of an associate's degree be awarded that credential to make them more competitive in the job market.

While current law requires universities to forward a transfer student's transcript to the student's community college once the student has earned 90 credits, this is an unnecessary delay. Most associate's degrees in Texas require 60 credit hours. Lowering the requirement from 90 to 66 would mean the transcript was forwarded shortly after the student likely had earned enough credit to qualify for an associate's degree.

The current requirement of 90 hours is too high. A transfer student might not ever reach 90 hours and never request a transcript be sent to the original community college, not knowing that he or she qualified for an associate's degree.

By increasing the number of associate's degrees awarded in Texas, HB 774 would increase the number of students eligible for TEXAS (Toward Excellence, Access, and Success) Grants, the state's foremost financial aid program. A student with an associate's degree from a Texas community college also is eligible to receive a TEXAS grant if the student enrolls at a Texas public university within 12 months of receiving an associate's degree. Transfer students who are awarded an associate's degree are more likely to complete a bachelor's degree, according to some sociological studies.

HB 774 would help Texas meet its *Closing the Gaps* target of 55,000 associate's degrees awarded in 2015. Increasing the number of associate's degrees awarded also would help community colleges increase their number of academic completions — a critical institutional measure. According Texas Higher Education Coordinating Board, roughly half of students who earn a bachelor's degree after transferring to a university from a community college fail to receive an associate's degree. While these students clearly should be counted as successes for the institutions they attended, they count as failures toward the community college's graduation rates.

HB 774 would not significantly increase the reporting requirements of universities. Current law already requires universities to send a transfer student's transcript to the student's community college when certain conditions are met. HB 774 only would require universities to forward a student's transcript an earlier stage of a student's academic career. The increase in associate's degrees benefits both individual students and the state economy enough to outweigh any possible burden.

HB 774 would not mandate how universities and community colleges should share student transcripts because it is better to let these institutions work out the most efficient system on their own.

**OPPONENTS  
SAY:**

The number of credit hours required before a university sends a transfer student's transcript to their community college should not be lowered from 90 to 66, as HB 774 would do, because a student has a better chance of actually having completed an associate's degree with 90 credit hours than with 66 credit hours. To earn an associate's degree, a student must have completed the core requirements of the degree, and 66 hours may include remedial classes or other credits that do not qualify as part of a degree program. This often happens if students do not take their classes in the correct sequence for whatever reason.

HB 774 would push another unfunded mandate from the state onto institutions of higher learning. By lowering the trigger to 66 hours from 90 hours, universities would have to send more transcripts to community colleges. While this might not be a large increase in a university's work load, HB 774 would impose another state required action that universities had to perform outside of their core function of teaching and research.

**OTHER  
OPPONENTS  
SAY:**

Rather than having a student's transcript sent to a community college sooner, as HB 774 would do, it would be better to require universities to send the transcript more often. This would increase the likelihood that the student's earned associate's degree was detected and awarded by the student's community college. Current law does not require the transcript to be sent more than once.

HB 774 should require that transcript data be shared electronically and on a semester basis. A semester-based electronic format would be efficient and increase accuracy because eligibility could be easily detected by computer program. Currently, higher education institutions share

transcript information in different ways and on different schedules. Some send it only once. Others send every eligible student's data every semester starting at 60 credit hours. Some universities send the data in paper form, others electronically.

The bill also should require a community college to notify a university when a transfer student had been awarded an associate's degree so the university no longer would continue to send the student's transcript data. This would save the university some effort and prevent needless sharing of a student's academic record.

NOTES:

The Senate companion bill, SB 498 by Seliger, was unanimously passed by the Senate on March 21.